

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:12 a.m. on March 12, 2001 in Room 526-S of the Capitol.

All members were present except: Rep. Richard Alldritt
Rep. Bonnie Huy
Rep. Carl Krehbiel

Committee staff present: Lynne Holt, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Committee Secretary

Conferees appearing before the committee: Sheldon Hamilton, UtiliCorp United
Bruce Graham, Kansas Electric Power Cooperative, Inc.
Steve Miller, Sunflower Electric
Jim Ludwig, Western Resources

Others attending: See Attached List

HCR 5013 - Constitutional amendment decreasing the property tax assessment rate for public utility property to 25%

Chairman Holmes opened the hearing on **HCR 5013**.

Sheldon Hamilton, Property Tax Manager for UtiliCorp United, appeared in support of **HCR 5013 (Attachment 1)**. Mr. Hamilton explained that there are some industries subjected to the utility assessment statutes that are no longer regulated while others change so quickly the law cannot contemplate the type of services being offered. Mr. Hamilton included in his testimony a schedule that compares the property tax rates for UtiliCorp's Kansas divisions with those in neighboring states.

Bruce Graham, Vice President of Member Services & External Affairs for Kansas Electric Power Cooperative, Inc., addressed the committee in support of **HCR 5013 (Attachment 2)**. Mr. Graham stated that the impact of this proposed constitutional amendment would not be a reduction in revenue, but would be instead, a shift from one taxpayer to another. He asked that the committee take a comprehensive look at proposals by other states to reduce utility property tax burdens.

Sunflower Electric Power Corporation's Senior Manager for External Affairs, Steve Miller, testified in support of **HCR 5013 (Attachment 3)**. Mr. Miller stated that the change proposed in the Resolution would take all businesses back to a structure similar to that in 1992 where they were all taxed at the same rate.

Jim Ludwig, Senior Director for Regulatory Affairs at Western Resources, spoke to the committee in support of **HCR 5013 (Attachment 4)**. Mr. Ludwig questioned how the state would deal with erosion of the property tax base. He suggested that possible solutions could be establishing an energy charge to be collected from utility consumers by distribution utilities or to repeal the exemption of sales tax on residential utility usage. Either would change the distribution of tax revenues among the various taxing authorities of the state.

The conferees responded to questions from the committee. Also responding to committee questions, although not testifying, were Jack Glaves, on behalf of Duke Energy, and Cynthia Smith, on behalf of Kansas City Power & Light. Due to time constraints, the hearing on **HCR 5013** will be continued.

The meeting adjourned at 10:59 a.m.

The next meeting is scheduled for Tuesday, March 13, 2001.